

SECTION

5



Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4th Street
Bismarck, ND 58501

State of South Dakota Gas Rate Schedule – SDPUC Volume No. 2

Section No. 5
1st Revised Sheet No. 1
Canceling Original Sheet No. 1

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I. PURPOSE:

These rules are intended to define good practice which can normally be expected, but are not intended to exclude other accepted standards and practices not covered herein. They are intended to ensure adequate service to the public and protect the Company from unreasonable demands.

The Company undertakes to furnish service subject to the rules and regulations of the Public Utilities Commission of South Dakota and as supplemented by these general provisions, as now in effect or as may hereafter be lawfully established, and in accepting service from the Company, each customer agrees to comply with and be bound by said rules and regulations and the applicable rate schedules.

II. DEFINITIONS:

The following terms used in this tariff shall have the following meanings, unless otherwise indicated:

AGENT – The party authorized by the transportation service customer to act on that customer's behalf.

APPLICANT – A customer requesting Company to provide service.

COMMISSION – Public Utilities Commission of the State of South Dakota.

COMPANY – Montana-Dakota Utilities Co. (Montana-Dakota)

COMPANY'S OPERATING CONVENIENCE – The utilization, under certain circumstances, of facilities or practices not ordinarily employed which contribute to the overall efficiency of Company's operations. This does not refer to the customer's convenience nor to the use of facilities or adoption of practices required to comply with applicable laws, ordinances, rules or regulations, or similar requirements of public authorities.

CURTAILMENT – A reduction of transportation or retail natural gas service deemed necessary by the Company. Also includes any reduction of transportation natural gas service deemed necessary by the pipeline.

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CUSTOMER – Any individual, partnership, corporation, firm, other organization or government agency supplied with service by the Company at one location and at one point of delivery unless otherwise expressly provided in these rules or in a rate schedule.

DELIVERY POINT – The point at which customer assumes custody of the gas being transported. This point will normally be at the outlet of Company's meter(s) located on customer's premises.

GAS DAY – Means a period of twenty-four consecutive hours, beginning and ending at 9:00 A.M. Central Clock Time.

HOUSEHOLD – A family or a group of people who live together.

INDEBTED HOUSEHOLD – A group of people living together among whom there is one who is indebted to a gas utility for service provided previously to the residence for which service is now sought.

INTERRUPTION – A cessation of transportation or retail natural gas service deemed necessary by the Company.

NOMINATION – The daily dk volume of natural gas requested by customer for transportation and delivery to customer at the delivery point during a gas day.

PIPELINE – The transmission company(s) delivering natural gas into company's system.

RATE – Shall mean and include every compensation, charge, fare, toll, rental and classification, or any of them, demanded, observed, charged or collected by the Company for any service, product, or commodity, offered by the Company to the public. This includes any rules, regulations, practices or contracts affecting any such compensation, charge, fare, toll, rental or classification.

RECEIPT POINT – The intertie between the Company and the interconnecting pipeline(s) at which point the Company assumes custody of the gas being transported.

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SHIPPER – The party with whom the Pipeline has entered into a service agreement with in order to provide transportation services.

III. CUSTOMER OBLIGATIONS:

1. **APPLICATION FOR SERVICE** – A customer desiring gas service must make application to the Company before commencing the use of the Company's service. The Company reserves the right to require a signed application or written contract for service to be furnished. All applications and contracts for service must be made in the legal name of the customer desiring the service. The Company may refuse an applicant or terminate service to a customer who fails or refuses to furnish reasonable information requested by the Company for the establishment of a service account. Any person who uses gas service in the absence of an application or contract shall be subject to the Company's rates, rules, and regulations and shall be responsible for payment of all service used.

Subject to rates, rules, and regulations, the Company will continue to supply gas service until notified by customer to discontinue the service. The customer will be responsible for payment of all service furnished through the date of discontinuance.

Any customer may be asked to make a deposit as required. Pursuant to Rate 100 § V.6.

2. **INPUT RATING** – All new customers whose consumption of gas for any purpose will exceed an input of 2,500,000 Btu per hour, metered at a single delivery point, shall consult with the Company and furnish details of estimated hourly input rates and pressure required for all gas utilization equipment. Where system design capacity permits, such customers may be served on a firm basis. Where system design capacity is limited, and at the Company's sole discretion, the Company will serve all such new customers on an interruptible basis only. Architects, contractors, heating engineers and installers, and all others should consult with the Company before proceeding to design, erect or redesign such installations for the use of natural gas. This will insure that such equipment will conform to the Company's ability to adequately serve such installations with gas.

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3. **ACCESS TO CUSTOMER'S PREMISES** – Company representatives, when properly identified, shall have access to customer's premises at all reasonable times for the purpose of reading meters, making repairs, making inspections, removing the Company's property, or for any other purpose incidental to the service.
4. **COMPANY PROPERTY** – The customers shall exercise reasonable diligence in protecting the Company's property on their premises, and shall be liable to the Company in case of loss or damage caused by their negligence or that of their employees.
5. **INTERFERENCE WITH COMPANY PROPERTY** – The customer shall not disconnect, change connections, make connections or otherwise interfere with the Company's meters or other property or permit same to be done by other than the Company's authorized employees or representatives.
6. **RELOCATED LINES** – Where Company facilities are located on a public or private utility easement and customer erects or installs a building, over gas facilities (Company-owned main, Company-owned service line or customer-owned service line) the customer shall be charged for line relocation on the basis of actual costs incurred by the Company including any required easements.
7. **NOTIFICATION OF LEAKS** – The customer shall immediately notify the Company at its office of any escape of gas in or about the customer's premises.
8. **TERMINATION OF GAS SERVICE** – All customers are required to notify the Company, to prevent their liability for service used by succeeding tenants, when vacating their premises. Upon receipt of such notice, the Company will read the meter and further liability for service used on the part of the vacating customer will cease.
9. **REPORTING REQUIREMENTS** – Customer shall furnish the Company all information as may be required or appropriate to comply with reporting requirements of duly constituted authorities having jurisdiction over the matter herein.

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10. **QUALITY OF GAS** – The gas tendered to the Company shall conform to the applicable quality specifications of the transporting pipeline's tariff.

IV. LIABILITY:

1. **CONTINUITY OF SERVICE** – The Company will use all reasonable care to provide continuous service but does not assume responsibility for a regular and uninterrupted supply of gas service and will not be liable for any loss, injury, death, or damage resulting from the use of service, or arising from or caused by the interruption or curtailment of the same except when such loss, injury, death or damage results from the negligence of the Company.
2. **CUSTOMER'S EQUIPMENT** – Neither by inspection or non-rejection, nor in any other way does the Company give any warranty, express or implied, as to the adequacy, safety or other characteristics of any structures, equipment, lines, appliances or devices owned, installed or maintained by the customer or leased by the customer from third parties.
3. **COMPANY EQUIPMENT AND USE OF SERVICE** – The Company will not be liable for any loss, injury, death or damage resulting in any way from the supply or use of gas or from the presence or operation of the Company's structures, equipment, lines, appliances or devices on the customer's premises, except loss, injuries, death, or damages resulting from the negligence of the Company.
4. **INDEMNIFICATION** – Customer agrees to indemnify and hold the Company harmless from any and all injury, death, loss or damage resulting from customer's negligent or wrongful acts under and during the term of service. The Company agrees to indemnify and hold customer harmless from any and all injury, death, loss or damage resulting from the Company's negligent or wrongful acts under and during the term of service.
5. **FORCE MAJEURE** – In the event of either party being rendered wholly or in part by force majeure unable to carry out its obligations, then the obligations of the parties hereto, so far as they are affected by such force majeure, shall be

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suspended during the continuance of any inability so caused. Such causes or contingencies affecting the performance by either party, however, shall not relieve it of liability in the event of its concurring negligence or in the event of its failure to use due diligence to remedy the situation and remove the cause in an adequate manner and with all reasonable dispatch, nor shall such causes or contingencies affecting the performance relieve either party from its obligations to make payments of amounts then due hereunder, nor shall such causes or contingencies relieve either party of liability unless such party shall give notice and full particulars of the same in writing or by telephone to the other party as soon as possible after the occurrence relied on. If volumes of customer's gas are destroyed while in the Company's possession by an event of force majeure, the obligations of the parties shall terminate with respect to the volumes lost.

The term "force majeure" as employed herein shall include, but shall not be limited to, acts of God, strikes, lockouts or other industrial disturbances, failure to perform by any third party, which performance is necessary to the performance by either customer or the Company, acts of the public enemy or terrorists, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrest and restraint of rulers and peoples, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, line freeze-ups, sudden partial or sudden entire failure of gas supply, failure to obtain materials and supplies due to governmental regulations, and causes of like or similar kind, whether herein enumerated or not, and not within the control of the party claiming suspension, and which by the exercise of due diligence such party is unable to overcome; provided that the exercise of due diligence shall not require settlement of labor disputes against the better judgment of the party having the dispute.

The term "force majeure" as employed herein shall also include, but shall not be limited to, inability to obtain or acquire, at reasonable cost, grants, servitudes, rights-of-way, permits, licenses, or any other authorizations from third parties or agencies (private or governmental) or inability to obtain or acquire at reasonable cost necessary materials or supplies to construct, maintain, and operate any facilities required for the performance of any obligations under this agreement, when any such inability directly or indirectly contributes to or results in either party's inability to perform its obligations.

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V. GENERAL TERMS AND CONDITIONS:

1. **AGREEMENT** – Upon request of the Company, customer may be required to enter into an agreement for any service.
2. **RATE OPTIONS** – Where more than one rate schedule is available for the same class of service, the Company will assist the customer in selecting the applicable rate schedule(s). The Company is not required to change a customer from one rate schedule to another more often than once in 12 months unless there is a material change in the customer's load which alters the availability and/or applicability of such rate(s), or unless a change becomes necessary as a result of an order issued by the Commission or a court having jurisdiction. The Company will not be required to make any change in a fixed term contract except as provided therein.
3. **RULES FOR APPLICATION OF GAS SERVICE:**
 - a. Residential gas service is available to any residential customer for domestic purposes only. Residential gas service is defined as service for general domestic household purposes in space occupied as living quarters, designed for occupancy by one family. Typical service would include the following: separately metered units, such as single private residences, single apartments, mobile homes and sorority and fraternity houses (this is not an all-inclusive list). In addition, auxiliary buildings on the same premise as the living quarters, used for residential purposes, or for the producing operations of a farm or ranch, may be served on the residential rate.
 - b. Nonresidential service is defined as service provided to a business enterprise in space occupied and operated for nonresidential purposes. Typical service would include stores, offices, shops, restaurants, boarding houses, hotels, service garages, wholesale houses, filling stations, barber shops, beauty parlors, master metered apartment houses, common areas of shopping malls or apartments (such as halls or basements), churches, elevators, schools and facilities located away from the home site (this is not an all-inclusive list).

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- c. The definitions above are based upon the supply of service to an entire premise through a single delivery and metering point. Separate supply for the same customer at other points of consumption may be separately metered and billed.
 - d. If separate metering is not practical for a single unit (one premise) that is using gas for both domestic purposes and for conducting business (or for nonresidential purposes as defined herein), the customer will be billed under the predominate use policy. Under this policy, the customer's combined service is billed under the rate (Residential or Nonresidential) applicable to the type of service which constitutes 50% or more of the customer's total connected load.
 - e. Other classes of service furnished by the Company shall be defined in applicable rate schedules or in rules and regulations pertaining thereto. Service to customers for which no specific rate schedule is applicable shall be billed on the Nonresidential rates.
4. **DISPATCHING** – Transportation customers will adhere to gas dispatching policies and procedures established by the Company to facilitate transportation service. The Company will inform customer of any changes in dispatching policies that may affect transportation services as they occur.
5. **RULES COVERING GAS SERVICE TO MANUFACTURED HOMES** – The rules and regulation for providing gas service to manufactured homes are in accordance with the Code of Federal Regulations (24CFR Part 3280 – Manufactured Home Construction and Safety Standards) Subpart G and H which pertain to gas piping and appliance installation. In addition to the above rules, the Company also follows the regulations set forth in the NFPA 501A, Fire Safety Criteria for Manufactured Home Installations, Sites, and Communities. This information is available at Montana-Dakota Utilities Co.'s offices.
6. **CONSUMER DEPOSITS** – The Company will determine whether or not a deposit shall be required of an applicant for gas service in accordance with Commission rules.

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- a. The amount of such deposit shall not exceed one-sixth of the estimated annual bill. If a customer has no deposit or one which is inadequate in comparison with his recent bills for service the Company may collect an additional amount in order to bring the total deposit up to the foregoing standard. Should a customer be unable to pay the full amount of the deposit, the Company shall accept payment of the deposit in reasonable installments not to exceed four months.
- b. The Company may accept in lieu of a cash deposit a contract signed by a guarantor, satisfactory to the Company, whereby the payment of a specified sum not to exceed the required cash deposit is guaranteed. The term of such contract shall automatically terminate after the customer has established credit that would result in return of a deposit or at the guarantor's request upon sixty days written notice to the Company. However, no agreement shall be terminated without the customer having made satisfactory settlement for any balance, which the customer owes the Company. Upon termination of a guarantee contract, a new contract or a cash deposit may be required by the Company.
- c. The customer may, in lieu of a deposit, be placed on an early payment list whereby customer shall pay the service bill within a minimum of five working days. However for early payment, early disconnection shall be proper when a customer fails to pay the service bill within a minimum of five working days.

A deposit shall earn interest at the rate of 7% per year for such period as the customer receives service. Interest shall be credited to the customer's account annually during the month of December.

Deposits with interest shall be refunded to customers at termination of service provided all billings for service have been paid. Deposits with interest will be refunded to all active customers, after the deposit has been held for 12 months, provided prompt payment record, as defined in the Commission rules, has been established.

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7. METERING AND MEASUREMENT:

- a. The Company will meter the volume of natural gas delivered to customer at the delivery point. Such meter measurement will be conclusive upon both parties unless such meter is found to be inaccurate, in which case the quantity supplied to customer shall be determined by as correct an estimate as it is possible to make, taking into consideration the time of year, the schedule of customer's operations and other pertinent facts. The Company will test meters in accordance with applicable state utility rules and regulations.
- b. Transportation customers agree to provide the cost of the installation of remote data acquisition equipment to the Company before transportation service is implemented.

8. MEASUREMENT UNIT FOR BILLING PURPOSES – The measurement unit for billing purposes shall be one (1) decatherm (dk), unless otherwise specified. Billing will be calculated to the nearest one-tenth (1/10) dk. One dk equals 10 therms or 1,000,000 Btu's. Dk's shall be calculated by the application of a thermal factor to the volumes metered. This thermal factor consists of:

- a. An altitude adjustment factor used to convert metered volumes at local sales base pressure to a standard pressure base of 14.73 psia, and
- b. A Btu adjustment factor used to reflect the heating value of the gas delivered.

9. UNIT OF VOLUME FOR MEASUREMENT – The unit of volume for purpose of measurement shall be one (1) cubic foot of gas at either local sales base pressure or 14.73 psia, as appropriate, and at a temperature base of 60 degrees Fahrenheit (60° F). All measurement of natural gas by orifice meter shall be reduced to this standard by computation methods, in accordance with procedures contained in ANSI-API Standard 2530, First Edition, as amended. Where natural gas is measured with positive displacement or turbine meters, correction to local sales base pressure shall be made for actual pressure and temperature with factors calculated from Boyle's and Charles' Laws. Where

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gas is delivered at 20 psig or more, the deviation of the natural gas from Boyle's Law shall be determined by application of Supercompressibility Factors for Natural Gas published by the American Gas Association, Inc., copyright 1955, as amended or superseded. Where gas is measured with electronic correcting instruments at pressures greater than local sales base, supercompressibility will be calculated in the corrector using AGA-3/NX-19, as amended, supercompressibility calculation. For hand-billed accounts, application of supercompressibility factors will be waived on monthly-billed volumes of 250 dk or less.

10. PRIORITY OF SERVICE AND ALLOCATION OF CAPACITY – Priority of Service from highest to lowest:
- Priority 1 – Firm sales service.
 - Priority 2 – Small interruptible sales and small interruptible transportation services at the maximum rate on a pro rata basis.
 - Priority 3 – Large interruptible sales and large interruptible transportation services at the maximum rate on a pro rata basis.
 - Priority 4 – Small interruptible sales and small interruptible transportation services at less than the maximum rate from the highest rate to the lowest rate and on a pro rata basis where equal rates are applicable among customers.
 - Priority 5 – Large interruptible sales and large interruptible transportation services at less than the maximum rate from the highest rate to the lowest rate and on a pro rata basis where equal rates are applicable among customers.
 - Priority 6 – Gas scheduled to clear imbalances.

Montana-Dakota shall have the right, in its sole discretion, to deviate from the above schedule when necessary for system operational reasons and if following the above schedule would cause an interruption in service to a customer who is not contributing to an operational problem on Montana-Dakota's system.

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Montana-Dakota reserves the right to provide service to customers with lower priority while service to higher priority customers is being curtailed due to restrictions at a given delivery or receipt point. When such restrictions are eliminated, Montana-Dakota will reinstate sales and/or transportation of gas according to each customer's original priority.

11. **LATE PAYMENT** – Amounts billed will be considered past due if not paid by the due date shown on the bill. An amount equal to 1% per month will be applied to any unpaid balance existing at the immediate subsequent billing date, provided however, that such amount shall not apply where a bill is in dispute or a formal complaint is being processed.

All payments received will apply to the customer's account prior to calculating the late payment charge. Those payments applied shall satisfy the oldest portion of the bill first.

12. **RETURNED CHECK CHARGE** – A charge of \$20.00 will be collected by the Company for each check charged back to the Company by a bank.

13. **TAX CLAUSE** – In addition to the charges provided for in the gas tariffs of the Company, there shall be charged pro rata amounts which, on an annual basis, shall be sufficient to yield to the Company the full amount of any usage fees or any sales, use, franchise or excise taxes, whether they be denominated as license taxes, occupation taxes, business taxes, privilege taxes, or otherwise, levied against or imposed upon the Company by any municipality, political subdivision, or other entity, for the privilege of conducting its utility operations therein.

The charges to be added to the customers' service bills under this clause shall be limited to the customers within the corporate limits of the municipality, political subdivision or other entity imposing the tax.

14. **UTILITY CUSTOMER SERVICES:**

- a. The following services will be performed at no charge regardless of the time of performance:

1. Fire and explosion calls.

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2. Investigate hazardous conditions on customer premises, such as gas leaks, odor complaints, combustible fumes.
3. Maintenance or repair of Company-owned facilities on the customer's premises.
- b. The following service calls will be performed at no charge during the Company's normal business hours:
 1. Cut-ins and cut-outs.
 2. Lighting pilots, inspecting, and adjusting gas equipment in connection with establishing service when working cut-in orders.
 3. Investigating high bills or inadequate service complaints.
 4. Location of underground Company facilities and customer-owned gas service lines for contractors, builders, plumbers, etc.
15. UTILITY SERVICES PERFORMED AFTER NORMAL BUSINESS HOURS – For service requested by customers after the Company's normal business hours, a charge will be made for labor at standard overtime service rates and materials at retail prices. Customers requesting service after the Company's normal business hours will be informed of the after hour service rate and encouraged to have the service performed during normal business hours.
16. NOTICE TO DISCONTINUE GAS SERVICE – Customers desiring to have their gas service discontinued shall notify the Company during regular business hours, one business day before service is to be discontinued. Such notice shall be by letter, personal visit or telephone call to the Company's local business office, in communities in which an office is maintained. In other communities such notice shall be given to the Company's representative who services the community or to the nearest business office. Saturdays, Sundays and legal holidays are not considered business days.

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A Division of MDU Resources Group, Inc.
400 N 4th Street
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**State of South Dakota
Gas Rate Schedule – SDPUC Volume No. 2**

Section No. 5
1st Revised Sheet No. 1.15
Canceling Original Sheet No. 1.15

GENERAL PROVISIONS Rate 100

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17. **INSTALLING TEMPORARY METERING FACILITIES OR SERVICE – A**
customer requesting a temporary meter installation and service will be charged on the basis of direct costs incurred by the Company.

18. **RECONNECTION FEE FOR SEASONAL OR TEMPORARY CUSTOMERS –**
A customer who requests reconnection of service, during normal business hours at a location where same customer discontinued the same service during the preceding 12-month period will be charged the Basic Service Charge applicable during the period service was not being used or a minimum of \$30.00. The minimum will be based on standard overtime rates for reconnecting service after normal business hours.

Transportation customers who cease service and then resume service within the succeeding 12 months shall be subject to a reconnection charge of \$160.00 whenever reinstallation of the remote data acquisition equipment is necessary.

19. **DISCONTINUANCE OF SERVICE FOR NONPAYMENT OF BILLS – All**
amounts billed for services are due when rendered and will be considered delinquent if not paid by the due date shown on the bill. If any customer shall become delinquent in the payment of amounts billed, such service may be discontinued by the Company under the applicable rules of the Commission. The Company may collect a fee of \$25.00 before restoring gas service which has been disconnected for nonpayment of service bills during normal business hours. Standard overtime rates will apply for services performed after normal business hours.

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Section No. 5
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GENERAL PROVISIONS Rate 100

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**20. DISCONTINUANCE OF SERVICE FOR CAUSES OTHER THAN
NONPAYMENT OF BILLS –** The Company reserves the right to discontinue
service for any of the following reasons:

- a. In the event of customer use of equipment in such a manner as to adversely affect the Company's equipment or service to others.
- b. In the event of tampering with the equipment furnished and owned by the Company.
- c. For violation of, or noncompliance with, the Company's rules on file with the Commission.
- d. For failure of the customer to fulfill the contractual obligations imposed as conditions of obtaining service.
- e. For refusal of reasonable access to property to the agent or employee of the Company for the purpose of inspecting the facilities or for testing, reading, maintaining or removing meters.

The right to discontinue service for any of the above reasons may be exercised whenever and as often as such reasons may occur, and any delay on the part of the Company in exercising such rights, or omission of any action permissible hereunder, shall not be deemed a waiver of its rights to exercise same.

Nothing in these regulations shall be construed to prevent discontinuing service without advance notice for reasons of safety, health, cooperation with civil authorities, or fraudulent use, tampering with or destroying the Company's facilities.

The Company may collect a reconnect fee of \$30.00 before restoring gas service which has been disconnected for the above causes.

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State of South Dakota Gas Rate Schedule – SDPUC Volume No. 2

Section No. 5

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GENERAL PROVISIONS Rate 100

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21. **UNAUTHORIZED USE OF SERVICE** – Unauthorized use of service is defined as any deliberate interference such as tampering with the Company's meter, pressure regulator, registration, connections, equipment, seals, valve, procedures or records resulting in a loss of revenue to the Company. Unauthorized service is also defined as reconnection of service that has been terminated, without the Company's consent.

a. Examples of unauthorized use of service includes, but is not limited to, tampering or unauthorized reconnection by the following methods:

1. Bypass piping around meter.
2. Bypass piping installed in place of meter.
3. Meter reversed.
4. Meter index disengaged or removed.
5. Service or equipment tampered with or piping connected ahead of meter.
6. Tampering with meter or pressure regulator that affects the accurate registration of gas usage.
7. Gas being used after service has been discontinued by the Company.
8. Gas being used after service has been discontinued by the Company as a result of a new customer turning gas on without the proper connect request.

b. Any charges for damage to Company property will be billed to the customer. The customer may also be charged for:

1. Time, material and transportation costs used in investigation or surveillance.
2. Estimated charge for non-metered gas.
3. On-premise time to correct situation.
4. A minimum fee of \$30.00 will apply.

All such charges shall be at current standard or customary amounts being charged for similar services, equipment, facilities and labor by the Company.

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c. Reconnection of Service:

Gas service disconnected for any of the above reasons shall be reconnected after a customer has furnished satisfactory evidence of compliance with the Company's rules and conditions of service, and paid any service charges which are due, including:

1. All delinquent bills, if any.
2. The amount of any Company revenue loss attributable to said tampering.
3. Expenses incurred by the Company in replacing or repairing the meter or other appliance costs incurred in preparation of the bill, plus costs as outlined in paragraph 20.b.above;
4. Reconnection fee applicable.
5. A cash deposit, the amount of which will not exceed the maximum amount determined in accordance with §V, paragraph 6 CONSUMER DEPOSITS.

22. GAS METER TEST BY CUSTOMER REQUEST - Any customer may request the Company to test its gas meter. The Company shall make the test as soon as possible after receipt of the request. If a request is made within one year after a previous request, the Company may require a deposit as follows:

<u>Meter Rating</u>	<u>Deposit Amount</u>
<u>Residential</u>	
All	\$10.00
<u>Non-Residential</u>	
425 CFH* or less	\$40.00
426 CFH to 1000 CFH	\$40.00
Over 1000 CFH	\$70.00

* Cubic feet per hour

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GENERAL PROVISIONS Rate 100

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The deposit shall be refunded only if the meter is found to have an unacceptable error, as defined in the Commission's regulations. In the case where a meter is replaced due to malfunction, a customer will be allowed one additional free meter test within 12 months, if requested by the customer.

23. SEE ALSO THE FOLLOWING RATES FOR SPECIAL PROVISIONS:

- Rate 102 - Residential Rate for Regular Employees
- Rate 119 - Interruptible Gas Service Extension Policy
- Rate 120 - Firm Gas Service Extension Policy
- Rate 124 - New Installation, Replacement, Relocation and Repair of Gas Service Lines
- Rate 134 - Rules and Policies for Implementing Master Metering Restrictions

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Section No. 5

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RESIDENTIAL GAS SERVICE FOR REGULAR EMPLOYEES

Rate 102

Page 1 of 1

The rate for residential gas service for regular employees of Montana-Dakota Utilities Co., MDU Resources Group, Inc., and all wholly-owned subsidiaries of MDU Resources Group, Inc., shall be computed at the applicable rate, and the amount reduced by 33 1/3%. This is available only for residential use, in a single family unit, served by the Company to a regular employee who has been continuously employed at least six months and is the principal support of the household in which employee resides, or is the spouse of the principal support.

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**State of South Dakota
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**INTERRUPTIBLE GAS SERVICE EXTENSION POLICY
Rate 119**

Page 1 of 2

The policy of Montana-Dakota Utilities Co. for gas extensions necessary to provide interruptible sales or interruptible transportation service to customers, except for customers served on Rate 66 and Rate 76, is as follows:

T

1. Contribution
 - a. Prior to construction, the customer shall contribute an amount equal to the total cost of construction including all gas main extensions, valves, tap setting and associated equipment, barricade, service line(s), regulators, meters (excluding remote data acquisition equipment), any required payments made by the Company to the transmission pipeline to accommodate the extensions, and other costs as adjusted for federal and state income taxes.
 - b. The contribution shall be made by:
 - i. A one-time payment prior to construction or,
 - ii. The customer may post a bond, irrevocable letter of credit, or a written guarantee commitment in the amount of the total contribution required prior to construction. Such bond, issued by a bonding company authorized to do business in the state, letter of credit, or written guarantee commitment, shall be effective for a five-year period commencing at the plant in service date, and is subject to approval and acceptance by the Company. If at the end of the original five-year term, a contribution requirement exists for the subject project, the surety or guarantor shall pay the Company for such contribution requirement, or
 - iii. Customer, upon approval by Company, may finance the amount of the required contribution subject to the following conditions: 1) maximum contribution to be financed shall be determined by the Company at its sole discretion, 2) maximum term shall be five years, 3) interest will be charged at the Company's incremental weighted cost of capital.

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INTERRUPTIBLE GAS SERVICE EXTENSION POLICY

Rate 119

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- c. Upon completion of construction, the contribution amount will be adjusted to reflect actual costs, and an additional charge may be levied or a refund may be made.
- d. Remote data acquisition equipment costs shall be subject to the terms and conditions specified in Transportation Service Rates 81 and 82.

2. Refund

- a. If within the five-year period from the extension(s) in service date, the total of the customer's contribution and actual margin paid to the Company equals or exceeds the total present value of the revenue requirement associated with the extension, Company shall refund the amount exceeding the revenue requirement on the following basis:
 - i. Annually, beginning at the 2nd anniversary of the extension(s) in service date, the Company will refund to the customer, the amount exceeding the total present value of the revenue requirement at a rate of 50% of the current year margin associated with the customer's actual throughput.
 - ii. Customers who have posted a bond, letter of credit, or a written guarantee commitment will be notified of any reduction in surety or guarantee requirements based on the above calculation.
 - iii. No refunds will be made for amounts less than \$25.00.
- b. Interest will be calculated annually by the Company on any refund amounts and shall be equal to the average commercial paper interest rate (A1/P1), not to exceed 12 percent per annum.
- c. No refund shall be made by the Company after the five-year refund period has expired, and in no case shall the refund, excluding interest, exceed the amount of contribution made by the customer.

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State of South Dakota Gas Rate Schedule – SDPUC Volume No. 2

Section No. 5

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FIRM GAS SERVICE EXTENSION POLICY Rate 120

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The policy of Montana-Dakota Utilities Co. for gas extensions necessary to provide firm sales or firm transportation service to customers is as follows:

A. General Rules and Regulations Applicable to all Firm Service Extensions

1. An extension will be constructed without a contribution if the estimated capital expenditure is cost justified as defined in paragraph A.3.
2. The Company may require customer or developer cost participation if the estimated capital expenditure is not cost justified.
3. The extension will be considered cost justified if the calculated maximum allowable investment equals or exceeds the estimated capital expenditure using the following formula:

Maximum Allowable Investment=

$$\frac{(\text{Annual Basic Service Charge} + (\text{Project Estimated 3rd Year Annual Dk x} \\ \text{Distribution Delivery Charge}))}{\text{Levelized Annual Revenue Requirement Factor}}$$

4. Cost of the extension shall include, if applicable, the gas main extension(s), valves, tap setting and associated equipment, barricade, service line(s), any required payments made by the Company to the transmission pipeline company to accommodate the extension(s), and other costs excluding the distribution meter and regulator.

The service line is that portion of the gas service extending from the main to the connection at the house regulator and/or meter.

5. Where cost participation is required, such extension is subject to execution of the Company's standard agreement for extensions by the customer or the developer and Company.
6. A refund will be made only when there is a reduction in the amount of contribution required within a five-year period from the extension(s) in service date. Interest will be calculated annually by the Company on any refund

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Section No. 5

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FIRM GAS SERVICE EXTENSION POLICY Rate 120

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amounts and shall be equal to the average commercial paper interest rate (A1/P1), not to exceed 12 percent per annum.

No refund shall be made by Company after the five-year refund period and in no case shall the refund excluding interest, exceed the amount of the contribution.

7. The Company reserves the right to charge customer the cost associated with providing service to customer if service is not initiated within 12 months of such installation.

B. Customer Extensions

Cost participation for extensions where customers will be immediately available for service is as follows:

1. Contribution -

- a. When a contribution is required, the customer(s) shall pay the Company the portion of the capital expenditure not cost justified as determined in accordance with paragraph A.3.
- b. The contribution shall be made by:
 - i. A one-time payment prior to construction, or
 - ii. Payment of 25% of the contribution prior to construction and the balance in no more than twenty-four equal monthly installments. If customer discontinues service within the twenty-four month period, the balance will be due and payable upon discontinuance of service, or
 - iii. Customer may post a bond, irrevocable letter of credit, or a written guarantee commitment in the amount of the required contribution prior to construction. Such bond, issued by a bonding company authorized to do business in the state, letter of credit, or written guarantee commitment, shall be effective for the original five-year

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FIRM GAS SERVICE EXTENSION POLICY Rate 120

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term and is subject to approval and acceptance by the Company. If at the end of the original five-year term, a contribution requirement exists in the subject project based on a recalculated maximum expenditure, the surety or guarantor shall reimburse the Company for such recalculated contribution requirement, or

- iv. Customer, upon approval by Company, may finance the amount of the required contribution subject to the following conditions: 1) maximum contribution to be financed shall be determined by the Company at its sole discretion, 2) maximum term shall be five years, 3) interest will be charged at the Company's incremental weighted cost of capital.

- c. Upon completion of construction, the contribution amount will be adjusted to reflect actual costs, and an additional charge may be levied or a refund may be made.

- d. If within the five-year period from the extension(s) in service date, the number of active customers and related volume exceeds the third-year projections, the Company shall recompute the contribution requirement by recalculating the maximum allowable investment.

- e. The recalculated contribution requirement shall be collected from the new applicant(s).

2. Refund -

- a. The Company will refund to the original contributor(s) the amount required to reduce their contribution to the recalculated contribution requirement. No refunds will be made for amounts less than \$25.00. Customers who have posted a bond, letter of credit, or written guarantee commitment will be notified of any reduction in surety or guarantee requirements.
- b. No refunds will be made until the new applicants begin taking service from the Company.

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FIRM GAS SERVICE EXTENSION POLICY Rate 120

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- c. If the addition of new customers will increase the contribution required from existing customer(s), the extension will be considered a new extension and treated separately.

3. Incremental Expansion Surcharge -

- a. The Company, in its sole discretion, may offer an Incremental Expansion Surcharge (Surcharge) to groups of customers requesting service totaling 10 or more when the total estimated cost would otherwise have been prohibitive under the Company's present rates and gas service extension policy. The contribution requirement to be collected under the Surcharge shall be the amount of the capital expenditure in excess of the Maximum Allowable Investment determined in accordance with paragraph A.3.
 - i. A minimum up-front payment of \$100.00 will be collected from each customer who signs an agreement to participate in the expansion.
 - ii. For projects that are expected to be recovered within a 5-year period, the Surcharge shall be set at a fixed monthly charge of \$5.00 per month plus \$1.50 per dk.
 - iii. For projects that are not expected to be recovered within a 5-year period, the Surcharge shall be set at a fixed monthly charge of \$5.00 per month plus a commodity charge designed to provide recovery of the contribution requirement.
- b. The Surcharge shall remain in effect until the net present value of the contribution requirement, calculated using a discount rate equal to the overall rate of return authorized in the last rate case, is collected.
- c. The Surcharge shall apply to all customers connecting to natural gas service within the expansion area until the contribution requirement is satisfied.
- d. The net present value of the Surcharge will be treated as a contribution-in-aid of construction for accounting purposes.

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FIRM GAS SERVICE EXTENSION POLICY Rate 120

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C. Developer Extensions

Cost participation may be required for extensions such as a subdivision or mobile home court, in which a developer is installing roads, utilities, etc., before housing is built.

1. Contribution -

- a. When a contribution is required, the developer shall pay the Company the portion of the capital expenditure not cost justified as determined in accordance with paragraph A.3.
- b. The contribution shall be made by:
 - i. A one-time payment prior to construction, or
 - ii. Developer may post a bond, irrevocable letter of credit, or a written guarantee commitment in the amount of the required contribution prior to construction. Such bond, issued by a bonding company authorized to do business in the state, letter of credit, or a written guarantee commitment, shall be effective for the original five-year term and is subject to approval and acceptance by the Company. If at the end of the original five-year term, a contribution requirement exists in the subject project based on a recalculated maximum expenditure, the surety shall reimburse the Company for such recalculated contribution requirement, or
 - iii. Developer, upon approval by Company, may finance the amount of the required contribution subject to the following conditions: 1) maximum contribution to be financed shall be determined by the Company at its sole discretion, 2) maximum term shall be five years, 3) interest will be charged at the Company's incremental weighted cost of capital.
- c. Upon completion of construction, the contribution amount will be adjusted to reflect actual costs, and an additional charge may be levied or a refund may be made.

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FIRM GAS SERVICE EXTENSION POLICY Rate 120

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2. Refund -

- a. If within the five-year period from the extension(s) in service date, the number of active customers and related volumes exceeds the third-year projections, the Company shall recompute the contribution requirement by recalculating the maximum allowable investment. Such recalculation shall be done annually based upon the anniversary of the extension(s) in service date.
- b. The Company will refund to the developer the amount required to reduce their contribution to the recalculated contribution requirement. No refunds will be made for amounts less than \$25.00. Developers who have posted a bond, letter of credit, or written guarantee commitment will be notified of any reduction in surety or guarantee requirements.
- c. If the addition of new customer(s) will increase the contribution required from the developer, the extension will be considered a new extension and treated separately.

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**State of South Dakota
Gas Rate Schedule**

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**NEW INSTALLATION, REPLACEMENT, RELOCATION
AND REPAIR OF GAS SERVICE LINES Rate 124**

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1. The Company will install, at its expense, a service line extending from the main to the connection at the premise regulator and/or meter for all customers. The service line installed by the Company will remain the Company's property.
2. A non-refundable contribution may be required for that portion of the service line cost not supported by the expected or actual connected load. The contribution requirement will be determined based on minimum footage allowances determined annually taking into account the maximum allowable investment defined in Rate 120 and the statewide average installed per foot cost. The Company reserves the right to charge customer the total cost of the installed service line if service is not initiated within 12 months of such installation.
3. The portion of the service line not cost justified shall be charged to the customer on the basis of direct costs to the Company. The Company may, at its option, calculate a statewide average cost per foot for such work based on its experience and may use such calculated amount for billing purposes. No minimum amount shall apply.
4. Where service line location changes are required due to building encroachments (a building is being constructed or is already located over a service line, etc.) or due to a customer request to move a service line, the customer shall be charged on the basis of direct costs incurred by the Company.
5. Whenever a service line is damaged by the customer or someone under the employ of the customer necessitating the service line to be either repaired or replaced in whole or in substantial part, such work shall be charged for on a direct cost basis. If the damage was caused by independent contractors, not in the employ of the customer, the charges shall be billed directly to such contractor.
6. Service line changes necessary to increase the size and capacity of an existing service line because of increased demand shall be treated in accordance with paragraph 2 above.

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RULES AND POLICIES FOR IMPLEMENTING MASTER METERING RESTRICTIONS Rate 134

Page 1 of 4

Section 1. Definitions

- (a) "Multiple occupancy building" shall mean any building which contains more than one residential or commercial unit.
- (b) "New multiple occupancy building" shall mean any building for which the physical labor involved in the erection of such building started on or after June 13, 1980.
- (c) "Existing multiple occupancy building" shall mean any building for which the physical labor involved in the erection of such building started before June 13, 1980.
- (d) "Mobile home court or trailer park" shall mean any such mobile home courts or trailer parks in which residence is predominantly either permanent or long term, and shall not include mobile home courts or trailer parks in which residency is highly transient, such as campgrounds for recreational vehicles or trailers used for recreation or vacations.
- (e) "New mobile home courts or trailer parks" shall mean such courts or parks, for which the physical labor involved in the construction commenced on or after June 13, 1980.
- (f) "Existing mobile home courts or trailer parks" shall mean such courts or parks, for which the physical labor involved in the construction commenced before June 13, 1980.
- (g) "Master metered service" shall mean gas service provided to more than one residential or commercial unit through a single meter.
- (h) "Individually metered service" shall mean gas service provided to one residential or commercial unit through a single meter which serves that unit only and no other unit.
- (i) "Company" shall mean Montana-Dakota Utilities Co.

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RULES AND POLICIES FOR IMPLEMENTING MASTER METERING RESTRICTIONS Rate 134

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Section 2. Applicability

Natural gas service to new multiple occupancy buildings and mobile home courts or trailer parks shall be provided as individually metered service only unless specifically exempted by one or more of the provisions contained in Section 3 below.

Section 3. Exceptions

- (a) Residential multiple occupancy buildings consisting of no more than two units, one of which is owner occupied, may be served by one master meter.
- (b) The following multiple occupancy buildings or facilities may be served by master meter:
 - (i) Hospitals
 - (ii) Nursing or convalescent homes
 - (iii) Transient hotels or motels
 - (iv) Dormitories
 - (v) Campgrounds
 - (vi) Residential facilities of a transient nature
- (c) Existing multiple occupancy buildings (construction of which commenced before June 13, 1980) which are presently receiving master metered gas service may continue to be served on a master metered basis.
- (d) Master metered gas service provided for central heating or cooling systems, central ventilating systems or for central hot water heating systems.
- (e) Service to multiple occupancy buildings constructed, owned or operated with funds appropriated through the U.S. Department of Housing and Urban Development, or any other federal or state government agency, shall be served by individual meters. If such individual metering requirement is inconsistent with regulations promulgated by such department or agency, service on a master metered basis is allowed.

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Montana-Dakota Utilities Co.

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- (f) Existing mobile home courts and trailer parks may continue to be served on a master metered basis, subject to Section 5 of this tariff.

Section 4. Remodeling and Renovation

Where there is an existing multiple occupancy building receiving master metered gas service which is substantially remodeled or renovated for continued use as a multiple occupancy building, for which the physical labor for remodeling or renovation is begun after June 13, 1980, gas service to the units after completion of the remodeling or renovation shall be on an individual metered basis, unless the owner of such building demonstrates to the South Dakota Public Utilities Commission that such conversion would be impractical, uneconomical or unfeasible, and the owner of such building provides the Company with evidence of the South Dakota Public Utilities Commission decision.

Section 5. Owner or Operator Charge for Gas Service

- (a) Gas service to an existing master metered multiple occupancy building, if not otherwise prohibited by this tariff, shall be provided only upon condition that charges for gas made by the owner or operator to each tenant or occupant shall be equal to each tenant's or occupant's pro rata share of the total amount charged to the owner or operator by the Company in proportion to the ratio of the total square foot floor area of the building.
- (b) Gas service to an existing master metered mobile home court or trailer park shall be provided only upon condition that charges for gas made by the owner or operator of such court or park to each tenant or occupant shall be equal to such tenant's or occupant's pro rata share of the total amount charged to the owner by the Company in proportion to the ratio of the square foot floor area of each tenant's or occupant's unit to the total square foot floor area of the mobile home court or trailer park.

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Section 6. Variation

Any variation from the above rules will only be made after the owner or operator provides evidence of South Dakota Public Utilities Commission approval of such variation.

All other rules and regulations of Montana-Dakota which govern gas service in South Dakota and which do not conflict with the provisions of this rule shall apply to gas service provided to new and existing buildings which are subject to this rule. The customer is responsible for ascertaining and complying with all applicable rules and regulations of any governmental authority having jurisdiction over the subject matter of this rule.

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